



**Director of
Central
Intelligence**

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National Intelligence Daily

***Saturday
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25X1

Page Denied

Top Secret



25X1

Contents

Situation Reports

Poland 1

Iran-Iraq 3

Briefs and Comments

Palestinians - Western Europe: *PLO Diplomatic Activity*. . 5



25X1

East Germany - West Germany: *Proposed Talks* 7

Italy-USSR: *Italian Communists' Problems With Moscow* . . 8

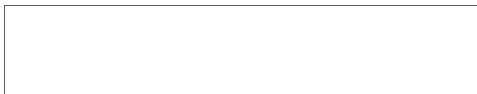
Namibia: *UN Security Council Meeting* 9

25X1



25X1

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25X1

14 March 1981

Top Secret

25X1

SITUATION REPORTS

POLAND

The government evidently is allowing Solidarity's national leadership to try to moderate the demands of the workers in Radom before agreeing to begin negotiations on their grievances. [redacted]

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Three members of the union leadership have arrived in Radom to gather information on the situation, and Walesa is slated to go there on Monday. The workers have said they will stage a two-hour "warning" strike on Wednesday if the government has not yet agreed to begin talks. [redacted]

Demands for Party Reform

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The apparently heated discussions at the meeting on Thursday of the commission preparing for the party congress suggest that liberals are continuing to push for internal party reform. The party leadership, which is trying to keep reforms within strict limits, has not yet developed a successful strategy for dealing with this pressure, which comes primarily from the rank and file, some provincial party leaders, and a handful of party liberals. Some young party members who belong to Solidarity are leading the drive for change. [redacted]

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The party leadership has relied thus far principally on delaying tactics, and party chief Kania indicated that the congress might not be convened before midsummer. This additional delay may not sit well with the reformers who want an early congress. [redacted]

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Party leaders may intend to stage a showdown with the reformist forces in the coming weeks. Kania indicated that a Central Committee plenum would soon be held to discuss ideological and internal party organizational matters, including the sensitive matter of

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25X1

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25X1

14 March 1981

Top Secret

25X1

procedures for electing delegates to the congress. At least one local reformist party organization has already elected its delegates without waiting for instructions or nominees from the center. [REDACTED]

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Church Statement

Leaders of the Catholic Church have again spoken out for moderation and calm. The statement yesterday of the 77-member Episcopal Conference appeared to convey words of warning both to the government and to the workers. It appealed to the new unions to maintain discipline and prudence in the face of provocation and told the government that Poland should not become a land of political prisoners. The bishops also declared that they did not want to be dragged into political activity. [REDACTED]

25X1

25X1

Top Secret

25X1

14 March 1981

Top Secret

25X1

IRAN--IRAQ

President Bani-Sadr has received substantial support in his new campaign to undercut the Islamic fundamentalists, but neither side seems ready to force a showdown. [REDACTED]

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[REDACTED]

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The Army, moreover, has announced that it would take over Bani-Sadr's personal defense--an action that will be widely interpreted as a gesture of political support. [REDACTED]

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Backing from these groups represents an alliance against a common enemy and does not mean that Bani-Sadr has won their loyalty. Closer cooperation is impeded by longstanding personal jealousies and by some ideological differences. [REDACTED]

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Bani-Sadr appears willing for the moment to reduce his attacks on the fundamentalists. [REDACTED]

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Several leading clerics yesterday counseled their followers and a nationwide audience to remain calm and resist provocations in order to preserve the Republic. They probably hope that Ayatollah Khomeini--whom they have asked to intervene--will end his weeklong retreat and issue a statement that they can use against their opponents. [REDACTED]

25X1

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25X1

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BRIEFS AND COMMENTS

PALESTINIANS - WESTERN EUROPE: PLO Diplomatic Activity

PLO officials have intensified their contacts with West European officials in recent weeks, apparently to rebut complaints by radical Palestinians that the organization's dialogue with Europe has produced no dividends. [REDACTED]

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[REDACTED]

Arafat has tried particularly hard to create an impression of increasingly close ties between the PLO and the UK. PLO media have played up his recent meetings with the British Ambassador in Beirut [REDACTED]

[REDACTED]

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The recent visit to Dublin by a PLO official--and the subsequent opening of an unofficial "information office" there--was given extensive publicity by the PLO. Contacts with other European states also have been stepped up. PLO "foreign minister" Qaddumi met last week with Austrian Chancellor Kreisky and evidently is set to meet with Italian and Swiss officials later this month. [REDACTED]

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Despite Arafat's desire to point to progress, he has made no effort to meet European demands that he adopt a more moderate position on the issue of recognizing Israel. [REDACTED]

25X1

Top Secret

14 March 1981

25X1

25X1

25X1

25X1

Page Denied

25X1

25X1

25X1

25X1

Top Secret

25X1

EAST GERMANY - WEST GERMANY: Proposed Talks

East Germany wants to involve West Germany in bilateral arms control talks, presumably as a step to encourage public opposition to Bonn's defense program.

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The Treaty on Basic Relations of 1972 commits both German states to try to reduce armed forces and armaments in Europe, but this theme had not been pushed by either side until NATO's debate in 1979 on TNF made it an issue. Reacting to the debate, East Germany insisted on the meeting of July 1979 at which both sides described their alliance positions. An East German campaign threatening that relations between the two Germanys would be damaged by a West German decision for TNF continued until the NATO decision in December of that year to deploy more modern theater nuclear forces.

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East Germany currently hopes to encourage the nascent popular movement in West Germany that is trying to challenge the Schmidt government again on TNF. There is considerable overlap in West Germany between arms control activists and the leading advocates of German reconciliation.

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Bonn has its own approach to improve relations, using the lure of interest-free credit to persuade East Germany to reduce the currency exchange burdens on West German visitors. The Schmidt government will be reluctant to accept arms control talks without East German humanitarian concessions, but does not oppose such talks in principle. West Germany would consult with main allies if bilateral discussion of arms control with East Berlin were to be resumed.

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ITALY-USSR: Italian Communists' Problems With Moscow

The Italian Communists apparently believe that Moscow is trying to halt their efforts to put distance between themselves and Soviet foreign policy. [redacted]

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Relations between the Italian Communists and the Soviets have deteriorated during the past few months as the Italian party--trying to demonstrate that it is ready for a governing role--has followed an increasingly independent foreign policy line. The Italian Communists publicly warned Moscow in December that they would condemn Soviet military intervention in Poland. Party chief Berlinguer underscored this threat by refusing to attend the Soviet party congress. [redacted]

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The Soviets, increasingly strident in their criticism of the Italian party, are clearly intent on limiting the impact of its example. Concerned that the Italian delegation would use the podium at the congress to amplify its disagreements with Moscow over Afghanistan and Poland, the Soviets forced the Italian representative to deliver his address outside the congress hall. Moscow also may have been responsible for the earlier leaking to the Italian press of its highly critical, private response to the Italian Communists' demarche on Poland. [redacted]

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Under current circumstances, both sides want to avoid an open break in relations. The Italian party, however, refuses to backtrack or to stop criticizing the Soviets. They seem convinced the Soviets may reconcile themselves to such a break if their attempts to undermine the party's independent positions fail. By rallying the party against the Soviets, Italian Communist leaders have put themselves in position to withstand additional Soviet attacks and to blame Moscow if a break occurs. [redacted]

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Top Secret

14 March 1981

25X1

Top Secret

25X1

NAMIBIA: UN Security Council Meeting

Algeria is gaining support for a bid to host the Security Council meeting to consider the General Assembly's recent call for economic sanctions against South Africa over the Namibia issue. The Algerians contend that holding the meeting in Algiers would heighten international pressure on the US, France, and the UK to refrain from vetoing a strong resolution. Most African governments are cool to the idea but are reluctant to oppose openly the Algerian proposal, which has been tentatively accepted by all six of the nonaligned envoys on the Security Council. Merely holding the meeting in an African capital, even if no sanctions were adopted, would strengthen Pretoria's adamant position against early implementation of the UN plan for Namibia.

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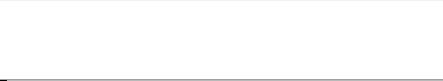
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Next 2 Page(s) In Document Denied

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25X1

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